

Federal Emergency Management Agency

Washington, D.C. 20472

MEMORANDUM FOR: Write Your Own (WYO) Company Principal Coordinators,
WYO Vendors, NFIP Servicing Agent, and Independent
Adjusting Firms

FROM: David I. Maurstad
Acting Director
Mitigation Division

DATE: 14-MAR-06

SUBJECT: Waiver of the Two-Year Time Limit for Increased Cost of
Compliance Coverage

The National Flood Insurance Program (NFIP) provides Increased Cost of Compliance (ICC) coverage to pay up to \$30,000 for the cost of compliance with State or local floodplain management laws or ordinances (III.D of the Standard Flood Insurance Policy (SFIP)). In the event the required mitigation measures are not completed within two years from the date of the State's or community's declaration of substantial damage and order that mitigation measures be taken, the ICC claim cannot be paid and any advance payment received by the policyholder must be returned (III.D.5 of the SFIP).

In the aftermath of the major hurricanes of last year, we expect a large number of ICC claims in connection with FEMA mitigation grant projects. The mitigation grant process often exceeds the two-year time frame. FEMA is planning to increase the two-year time frame to four years in an upcoming revision to the SFIP. Therefore, in the interim I am waiving the provisions of III.D.5 of the SFIP and granting an additional two years to complete the required mitigation measures. This means policyholders will have four years to complete the required mitigation measures starting from the date of the substantial damage declaration by the State or community. This waiver is effective for all claims on or after June 1, 2005.

This waiver is made pursuant to the provisions dealing with amendments, waivers, and assignments of the SFIP (VII.D of the SFIP Dwelling Form and General Property Form and VIII.D of the SFIP Residential Condominium Building Association Policy Form).

cc: IBHS, FIPNC, Government Technical Representative